

LA PAZ COUNTY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2021
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

LA PAZ COUNTY, ARIZONA
Annual Expenditure Limitation Report
June 30, 2021

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Independent Accountants' Report on AELR

Arizona Auditor General
The Board of Supervisors
of La Paz County, Arizona

We have examined the accompanying Annual Expenditure Limitation Report (report) of La Paz County, Arizona (the County), for the year ended June 30, 2021 and the related notes to the report. The County's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in note 1. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the Uniform Expenditure Reporting System in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the annual expenditure limitation report referred to above is presented in accordance with the uniform expenditure reporting system as described in note 1 in all material respects.

HintonBurdick, PLLC

Gilbert, Arizona
April 20, 2023

LA PAZ COUNTY, ARIZONA
Annual Expenditure Limitation Report – Part I
Fiscal Year Ended June 30, 2021

Economic Estimates Commission expenditure limitation		\$ <u>33,322,470</u>
Amount subject to the expenditure limitation (total amount from Part II, line C)	\$ <u>15,822,893</u>	
Subtotal	\$ <u>15,822,893</u>	
Total adjusted amount subject to the expenditure limitation		\$ <u>15,822,893</u>
Amount under (in excess of) the expenditure limitation		\$ <u>17,499,577</u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the Uniform Expenditure Reporting System.

Signature of chief fiscal officer:

Megan Spielman

Name and title:

Megan Spielman, County Administrator

Telephone number:

928-669-6115

Date:

4/20/23

See accompanying notes to report

LA PAZ COUNTY, ARIZONA
Annual Expenditure Limitation Report – Part II
Fiscal Year Ended June 30, 2021

Description	Governmental funds	Enterprise funds	Fiduciary funds	Total
A. Amounts reported on the reconciliation, line D	\$ 29,404,036	\$ 2,696,520	\$ 77,579,688	\$ 109,680,244
B. Less exclusions claimed:				
Debt service requirements (Note 2)	3,344,995	130,000	-	3,474,995
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	272,412	-	-	272,412
Trustee or custodian (Note 4)	250,200	-	77,579,688	77,829,888
Grants and aid from the federal government (Note 5)	5,434,797	-	-	5,434,797
Amounts received from the State of Arizona (Note 5)	2,398,241	-	-	2,398,241
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	4,094,893	-	-	4,094,893
Prior years carryforward (Note 10)	-	352,125	-	352,125
Total exclusions claimed	<u>15,795,538</u>	<u>482,125</u>	<u>77,579,688</u>	<u>93,857,351</u>
C. Amounts subject to the expenditure limitation	<u>\$ 13,608,498</u>	<u>\$ 2,214,395</u>	<u>\$ -</u>	<u>\$ 15,822,893</u>

See accompanying notes to report

LA PAZ COUNTY, ARIZONA
Annual Expenditure Limitation Report - Reconciliation
Fiscal Year Ended June 30, 2021

Description	<u>Governmental funds</u>	<u>Enterprise funds</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 32,866,318	\$ 2,859,285	\$ 77,579,688	\$ 113,305,291
B. Subtractions:				
Items not requiring use of current financial resources:				
Depreciation	-	140,827	-	140,827
Pension and other postemployment benefits (OPEB) expense (Note 7)	-	1,023,073	-	1,023,073
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 8)	3,466,182	-	-	3,466,182
Long-term care contributions the State Treasurer withheld (Note 9)	<u>716,100</u>	<u>-</u>	<u>-</u>	<u>716,100</u>
Total subtractions	<u>4,182,282</u>	<u>1,163,900</u>	<u>-</u>	<u>5,346,182</u>
C. Additions:				
Principal payments on long-term debt (Note 2)	-	130,000	-	130,000
Capital asset acquisitions	-	12,914	-	12,914
Pension and OPEB contributions paid in the current year (Note 7)	-	858,221	-	858,221
County transfers to separate legal entities	<u>720,000</u>	<u>-</u>	<u>-</u>	<u>720,000</u>
Total additions	<u>720,000</u>	<u>1,001,135</u>	<u>-</u>	<u>1,721,135</u>
D. Amounts reported on part II, line A	<u>\$ 29,404,036</u>	<u>\$ 2,696,520</u>	<u>\$ 77,579,688</u>	<u>\$ 109,680,244</u>

See accompanying notes to report

LA PAZ COUNTY, ARIZONA
Notes to the Annual Expenditure Limitation Report
June 30, 2021

Note 1. Summary of Significant Accounting Policies

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes §41-1279.07. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20, from the total expenditures, expenses, or deductions reported in the fund financial statements.

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed in part II and each subtraction or addition in the Reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds, Statement of Revenues, Expenses, and Changes in Net Position for the Proprietary Funds, Statement of Cash Flows for the Proprietary Funds, and the Statement of Changes in Fiduciary Net Position for the Fiduciary Funds.

Note 2. Debt Service Requirements

The exclusion claimed for debt service requirements in the Governmental Funds of \$3,344,995 consists of \$3,444,080 of expenditures classified as principal and \$148,360 classified as interest, less \$247,445 attributable to the Jail District for which total expenditures were subtracted on the Reconciliation. The exclusion for the Enterprise funds is \$130,000 of principal payments made in the Solar Field Fund.

Note 3. Dividends, Interest, and Gains on the Sale or Redemption of Investment Securities

The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$272,412 consists of investment income reported in the Governmental Funds of \$43,492 and interest on delinquent taxes expended of \$228,920, which was recorded as tax revenue.

Note 4. Trustee or Custodian

The exclusion claimed for trustee or custodian of \$250,200 in the Governmental Funds consists of contributions recorded as health expenditures by the County to the Arizona Health Care Cost Containment System for acute care, administrative cost contributions and uncompensated care contributions.

LA PAZ COUNTY, ARIZONA
Notes to the Annual Expenditure Limitation Report
June 30, 2021

Note 5. Federal Grants & Aid, Amounts from the State of Arizona, & Highway User Revenues

The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona, and highway user revenues in the Governmental Funds. The amounts excluded do not exceed expenditures of such revenues.

Grants and aid from the Federal government	\$ 3,221,149
Federal Payments in lieu of taxes	2,213,648
Subtotal grants and aid from federal government	<u>5,434,797</u>
Amounts received from the State of Arizona (Note 6)	2,398,241
Highway user revenues in excess of those received in fiscal year 1979-80, expended in Fiscal Year 2021	4,094,893
Highway user revenues received but not expended and carried forward to future years (Note 10)	1,652,193
Other revenues-nonexcludable	<u>3,147,021</u>
Total intergovernmental revenues as reported in the fund financial statements	<u><u>\$ 16,727,145</u></u>

Note 6. Amounts from the State of Arizona

During fiscal year 2021 the County received \$720,171 from the State of Arizona for motor vehicle license tax reported as taxes in the Road Fund in the fund financial statements. Of this amount, \$0 was expended and is not included as part of the \$2,398,241 exclusion for amounts received from the State of Arizona. The remaining \$720,171 has been carried forward to future years. See also Note 10.

Note 7. Pensions and OPEB

The \$1,023,073 subtraction for pension and other post employment benefit (OPEB) expense consists of changes in the net pension and OPEB liabilities, changes in deferred outflows related to pensions and OPEB, and changes in deferred inflows related to pensions and OPEB, recognized in the current year in the enterprise funds. The \$858,221 addition for pension and OPEB contributions paid in the current year consists of the required pension and OPEB contributions made to the Arizona State Retirement System from the enterprise/internal service funds. The schedule below reconciles the net effect the subtraction and addition have on the expenditures subject to the limitation to the amounts reported on the statement of cash flows' net effect on cash:

LA PAZ COUNTY, ARIZONA
Notes to the Annual Expenditure Limitation Report
June 30, 2021

Note 7. Pensions and OPEB, Continued

	Enterprise funds
<u>Statement of cash flows</u>	
Change in net pension and OPEB asset	\$ (3,601)
Change in deferred inflows related to pensions and OPEB	(155,138)
Change in deferred outflows related to pensions and OBEP	(125,864)
Change in net pension and OPEB liability	119,751
Total	\$ <u><u>(164,852)</u></u>
 <u>AE LR-Reconciliation</u>	
Pension/OPEB contributions –	\$ 858,221
Pension/OPEB expense(income) – subtraction	1,023,073
Total	\$ <u><u>(164,852)</u></u>

Note 8. Separate Legal Entities

The subtraction of \$3,466,182 for separate legal entities established under Arizona Revised Statutes consists of the following expenditures included within the County’s reporting entity but not included in the Economic Estimates Commission base limit calculations.

Public safety expenditures for the Jail District	\$ 3,218,737
Debt service expenditures for the Jail District	<u>247,445</u>
Total expenditures of separate legal entities established under Arizona Revised Statutes subtraction	<u><u>\$ 3,466,182</u></u>

Note 9. Long Term Care Contributions

The subtraction for long-term care contributions withheld by the State Treasurer consists of transaction privilege taxes withheld by the State Treasurer to meet the County’s share of long-term care costs that was reported as revenue and an offsetting expenditure in the County’s Governmental Funds. Consequently, this expenditure has been subtracted on the Reconciliation.

LA PAZ COUNTY, ARIZONA
Notes to the Annual Expenditure Limitation Report
June 30, 2021

Note 10. Carryforward Balances

Revenues that are constitutionally excludable that were not spent in the year of receipt may be accumulated and excluded in future years when spent. A summary of the revenue sources and the changes in their balances is shown in the table below:

Description	Balance June 30 2020	Additions	Reductions	Balance June 30 2021
Debt Proceeds	\$ 352,125	\$ -	\$ (352,125)	\$ -
Highway user revenues in excess of those received in fiscal year 1979-80	1,097,729	2,372,364	-	3,470,093
Total carryforward	<u>\$ 1,449,854</u>	<u>\$ 2,372,364</u>	<u>\$ (352,125)</u>	<u>\$ 3,470,093</u>